









City of Tucson Community Services Department

2000-2005

City of Tucson

Affordable Housing Strategies 2000-2005

City of Tucson Mayor and Council

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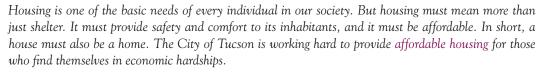
Adopted by City of Tucson Mayor and Council on September 5, 2000

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Affordable housing allows a family or an individual to have enough money left after they pay their mortgage for adequate food, clothing and health care. It allows citizens an opportunity to pursue other career-building activities such as education or job training. And it allows parents to have enough time to spend with their children. Homeowners across Tucson know the benefits of ownership. They understand that their home equity is an important asset. In many cases, it is the legacy they leave to their children. In addition, well-maintained homes are the building blocks of healthy, desirable neighborhoods where people can feel safe and connected to the community around them.

That is why I strongly support the goal of 1,000 additional units per year designated for affordable homeownership. I applaud City of Tucson staff for setting ambitious goals and reaching them year after year. And I sincerely appreciate all of our partners—both public and private—who are helping us accomplish the work before us.

Therefore, I support the plan detailed in Affordable Housing Strategies 2000-2005. It demonstrates the strategic approach our City is taking toward the development and preservation of the places Tucsonans call home.

Robert E. Walkup — Mayor, City of Tucson



Over the past 50 years, Tucson has experienced unprecedented growth. The beauty of Tucson's physical environment combined with the welcoming feel of our community has created a real demand on our housing market. Like the surrounding diversity of its physical environment and its people, Tucson's housing stock is also diverse.

Now, more than ever, there is increasing pressure to provide housing for all economic sectors of our City. The Metropolitan Housing Commission is committed to promoting, expanding, and improving the affordable housing stock in Tucson and in turn enhancing the quality of life for it's citizens.

The Commission is pleased to have worked with the City of Tucson in the creation of Affordable Housing Strategies 2000-2005. The strategies contained within the document address the issues that our community is struggling with. This document will serve as a framework to ensure that our diversity is preserved while safe, decent and affordable housing is provided for our community.

Ross McCallister — Chair, Metropolitan Housing Commission



Tucson is a special place in many ways. One thing that makes it special is the wide range of its housing stock, which includes historic adobe houses as well as a variety of uniquely southwestern designs. Our neighborhoods, too, have a diversity that you will not find in most American cities today. A critical element of maintaining a diverse and interesting housing stock is preserving affordability for today's residents and generations to come.

Affordable Housing Strategies 2000-2005 is, in effect, a roadmap for our community to follow in order to ensure that our city has available affordable housing for all sectors of our society. This report reflects the City of Tucson's willingness to set high goals and to forge new partnerships in an effort to adequately house our citizens. It also states for the record that simply meeting numeric goals is not enough. We want our affordable housing to be architecturally compatible with existing structures, energy efficient in every respect, accessible and strategically located. We also want all housing to be something we are proud to show others, not something hidden away and verging on the shameful.

Please read this document. In it you will learn more about the housing needs in our community and the Mayor and Council's housing goals for Tucson. But don't stop there; join us in this vitally important undertaking. It will take many resources and many hands to accomplish our task.

James Keene — City Manager, City of Tucson

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Executive Summary

In 1996, the City of Tucson and the Metropolitan Housing Commission asked its partner agencies and the private sector to join in a commitment to increase the affordable housing stock in Tucson. **Affordable Housing Strategies 1996-2000** developed strategies to further the goal of increasing and promoting affordable housing in our community. The City's goal was to build upon a base of over 8,400 households assisted by increasing the number of assisted households to 10,000 by the year 2000. The goal was achieved one year early and currently over 11,800 households have received assistance in securing safe, decent and affordable housing. This accomplishment would not have been possible without the support of local development partners and funders.

The Community Services Department is the lead entity for the City of Tucson in planning and implementing local housing assistance programs. The Department serves as both the local housing authority and the community development agency. This document reflects the spectrum of programs designed to expand housing affordability.

Affordability is a major housing issue for Tucson residents, both as renters and owners. In an effort to address current and anticipated community conditions and needs, the development of affordable housing strategies becomes imperative.

With almost half of Tucson's households falling into the low-income category, innovative ways to close the gap between availability of resources and need is critical. This document builds upon the foundation laid out in the original Affordable Housing Strategies document and through its recommendations, attempts to provide guidance to program administrators and decision-makers.

Statistics show an escalating need for housing assistance throughout the community. Recent trends show that funding for programs has not increased. This disparity presents a significant challenge to the community to develop innovative strategies and identify new resources to address this growing problem.

This document establishes a new five year goal of assisting 1,000 additional households per year. By the year 2005, this will result in assistance to a minimum of 17,000 low-income households. The following outlines the Community Services Department's mission and the fundamental goals that apply to the programs and strategies contained in this document.

Mission Statement

To improve the quality of life for the citizens of Tucson by providing housing and community service programs that strengthen and enhance the social, economic and physical environment, especially for those of lower income.

Fundamental Goals

- Provide housing assistance across a spectrum of need, from the homeless to homeowner.
- Maintain housing quality standards to maximize the availability of safe, decent, affordable housing to lowincome residents.
- Support environmentally friendly construction and rehabilitation programs emphasizing quality work to achieve energy efficiency and low cost maintenance. Encourage cost effective building styles, methods, and materials.
- As a funding resource and partner, help build the community-wide capacity of organizations that contribute to affordable housing, including the technical and financial capacity of non-profit service and housing development organizations and participation from the private sector.
- Leverage City resources, wherever possible, to maximize the number of households served.
- Address economic development, support services, and other community needs for low-income residents concerning short and long-term affordable housing.
- Seek to influence State and Federal legislation to increase funding for affordable housing.
- Actively promote fair housing principles in the community.

- Apply a comprehensive planning process in the development and redevelopment of neighborhoods to improve community living conditions and reduce poverty.
- Encourage private development and investment in affordable housing which can include homebuyer; existing homeowner rehabilitation; rental housing acquisition, rehabilitation and/or new construction.
- Develop incentives for private developers to include basic access for persons with physical disabilities.
- Facilitate partnerships with developers and lenders to implement programs that upgrade Tucson's aging housing stock.
- Seek all possible avenues for preserving and utilizing quality and attractive manufactured housing as a low-income housing option.
- As continued development on the edge of the City occurs, ensure that the affordable housing needs of the community can be addressed within the balanced growth concept.
- Promote productive relationships in which all parties share common goals and responsibility for program outcomes.
- Provide specific incentives which would promote the inclusion of affordable housing in all new developments.

Introduction

This document reflects the City's housing goals, which are to expand affordable housing opportunities for low-income families and to encourage development that benefits the community as a whole. It focuses specifically on Tucson's affordable housing strategies for the next five years, July 1, 2000 through June 30, 2005.

Affordable housing is defined as housing that does not overburden a family financially and is safe, decent and not overcrowded.

A September 1998 report entitled **The Widening Gap: New Findings on Housing Affordability in America**, published by the U.S. Department of Housing and Urban Development, states that, "data from the Census Bureau's latest American Housing Survey and Bureau of Labor Statistics show the gap between struggling Americans and the nation's supply of affordable housing continues to widen". The following statistics suggest that Tucson, like many other American cities, is experiencing this trend.

- Approximately 87,000 households in the City of Tucson are low-income as defined by the U.S. Department of Housing and Urban Development (0-80% MFI); this amounts to roughly one-half of the total households in the City.
- According to the 1990 Census, an estimated 57,000 low-income households experience at least one of the following housing problems: their housing costs exceed 30% of their monthly income; they are living in overcrowded conditions; or the structure they occupy is in need of repair.
- An estimated 87,000 (almost one-half) of the City's existing residential units will be 50 years or older by the year 2010. The 1990 Census reported that low-income households occupied 72% of all "old" housing units in the City.
- Income has not kept pace with escalating housing costs. In 1990, Pima County's median household income was \$25,401, which rose to \$31,983 by 1998. This is an annual growth rate of 2.6%. Unfortunately, housing costs for renters and owners over the same period has risen by twice that rate.
- Tucson has experienced a declining homeownership rate over the past two decades. Tucson's homeownership rate is at 53%, a rate which is comparable to other similar cities throughout the nation. This compares to a national homeownership rate of 67% which includes suburban and rural areas.
- Permits for the metropolitan area show that 66% of all new single family units and only 12% of new multi-family units are built outside the City of Tucson. As new development continues to push out toward the City limits, older urban neighborhoods receive disproportionate investments.

I. Current Conditions and Needs

A. Population Profile

Tucson experienced a 22.6% increase in population between 1980-1990, and a land area increase of 61%. Population within the City of Tucson will continue to grow during the next 15 years; projections show growth in both the City of Tucson and Pima County with projected population totals for 2015 of 569,619 and 1,148,797, respectively.

Increased population growth will in turn increase pressure on the housing market. This increased demand is met through absorption of vacant units and construction of new units. In turn, increases in demand lead to higher rents and higher home prices.

Twenty three percent of new households move to Tucson to take new jobs in its expanding economy. Another large group moving to Tucson are senior citizens. Except for some retirees, these are mainly higher income households who will not compete for housing at the lowest end of the market. However, they will cause the single home and multi-family housing construction market to increasingly shift toward serving the higher income brackets.

The following chart provides population projections for the next five years.

YEAR	CITY OF TUCSON	ANNUAL CHANGE	PIMA COUNTY	ANNUAL CHANG
2000	482,920	1.50%	861,383	2.267%
2001	490,066	1.48%	879,840	2.143%
2002	497,173	1.45%	898,078	2.073%
2003	504,133	1.40%	916,323	2.032%
2004	510,687	1.30%	934,692	2.005%
2005	517,224	1.28%	952,636	1.920%

Population trends are important indicators of housing needs in the future. Some data has been collected from the recently released American Community Survey, an independent survey managed by the Department of the Census, which was released in July 2000. Some of the important predicted population trends include changes in the following sub-populations:

The elderly: This population continues to grow within Tucson and Pima County. Between 1980 and 1990, the elderly population increased by almost 33%. Currently, this population comprises approximately 12% of the Tucson population (compared to 6.5% nationwide). In addition, the baby boom population (45 to 64) is the fastest growing group in Arizona and is gradually aging; this will mean that more housing facilities for the elderly will be needed in the coming decade.

Homeless/Near homeless: Households earning 30% or less of median family income (\$13,550 for a family of four) live day to day and may be threatened with homelessness. Many of these households depend on TANF (Temporary Assistance for Needy Families) and other assistance programs. Welfare reform, which placed restrictions on cash assistance programs, has made this group particularly vulnerable. There are approximately 28,000 of these households in Tucson.

Single parent households: Single parent households increased by 60% in the 1980's and projections call for an almost 100% increase between 1990 and 1998, statewide. Current estimates in Tucson

show that 20% of households are single householder families. Many of these households depend upon assistance programs as well. The number of single parent families in Pima County receiving cash assistance (TANF) in May 2000 was 5,635.

Non-family households (persons living alone or with non-relatives): This segment of the population increased by 49% in Tucson between 1980 and 1990 and will probably continue to slowly increase as more people live on their own or in non-traditional households. In 1999, 42% of all Tucson households were non-family households. Over one-third of non-family households are low-income households.

Student households: Of the 50,000 full-time university and college students who live in Tucson, only 8,000 students are housed in on-campus housing, leaving over 42,000 students to find housing in the private market. Though the exact number of student households cannot be determined, it can be assumed that students represent a segment of the low-income non-family households described above.

B. Housing Market and Construction Trends

Currently, approximately 53% of the households in the City of Tucson own their own homes. This is well below the state homeownership rate of 64% and the national homeownership rate of 67%.

Large-scale residential development in the City of Tucson during the last ten years has taken place mostly on the outskirts of the City:

- Since 1990, 22% of new residential construction has taken place in northwest Tucson;
- Typical of suburban flight, permits for the metropolitan area show that 66% of all new single family units were built outside of the City limits and 88% of new multi-family units were built in the City of Tucson;
- Multi-family rental development over the last five-year period has declined as compared to single family construction which shows that in 1999, 70% more single family units were permitted as compared to 1995.

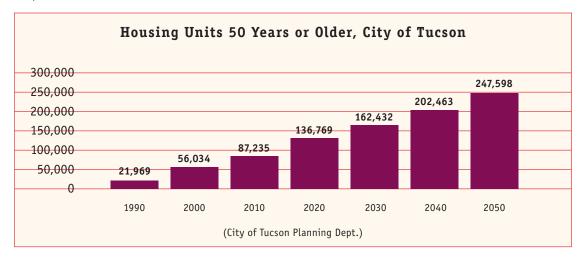
YEAR	COUNTY MULTI-FAMILY RENTAL UNITS	CITY MULTI-FAMILY RENTAL UNITS	COUNTY SINGLE FAMILY	CITY SINGLE FAMILY
1995	2,840	1,245	4,991	1,731
1996	612	440	5,273	1,957
1997	1,734	593	5,399	2,055
1998	1,084	985	6,737	2,550
1999	1,160	880	7,378	2,657

Manufactured Housing

Manufactured home purchases have been increasing since 1993. New manufactured homes purchased in Pima County totaled approximately 2,000 in 1994, making Tucson the top sales area in the state. Permits issued for mobile homes in Pima County for 1999 was 1,720. According to the Manufactured Housing Industry of Arizona, there are over 32,900 manufactured housing units in parks, subdivisions or on private property in Tucson. There are approximately 385 home parks and five manufactured home communities, where land and home are purchased together. Fifty percent of the new manufactured housing stock is from combined purchases of land and manufactured housing.

Age and Condition of Housing Stock

Currently, approximately 56,000 of the housing units in Tucson are 50 years old or older. By the year 2010, the number of older units is expected to increase to 87,235, and by 2020, that number will rise to 136,769. A majority of these housing units are in need of, or will be in need of, substantial rehabilitation. The 1990 Census reported that low-income households occupied 72% of all "old" housing units in the City.

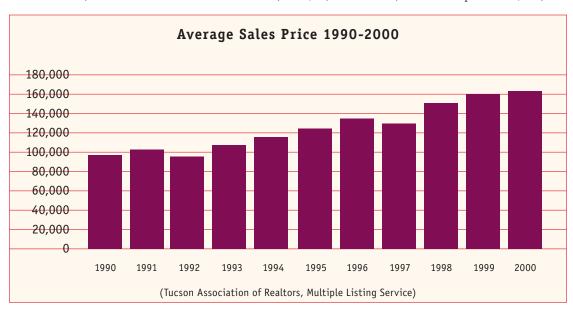


The housing stock that is currently between 35 and 50 years old is of particular concern because the post-war years precipitated a housing boom throughout the 1950's that resulted in modest housing construction quality that does not meet today's building standards. According to census data, approximately 60% of the census tracts that contain many of these post-war production built homes are in low-income areas (areas with 51% or more low-income households).

In 1999, the City of Tucson's Development Services Department conducted an assessment of rental units throughout Tucson. This exterior curbside assessment project collected data on 16,629 non-owner occupied properties, representing 87,355 units. Their assessment found that 6% of properties overall were assessed as substandard. Manufactured/mobile home properties had the highest percentage of substandard properties with 28%.

Homeownership

In 1990, the median sales price of all residential dwellings (including single family, townhouse, condominium, mobile home and new construction) was \$76,500. In 2000, the median price was \$124,000.



In 1990, the average sales price of all residential dwellings was \$92,435, in 2000 that price had risen to \$164,400. Current construction costs for new single family units was \$53.08 per square foot. These figures illustrate the significant increase in housing costs over the past decade. The typical costs of homeownership, including downpayment, mortgage insurance, closing costs, property taxes, homeowners insurance, and utilities and maintenance makes the median price of \$124,000 (all housing types) unaffordable to low-income households.

Of the 87,000 low-income households in Tucson, approximately 31,000 or 36% are low-income homeowners. Of this group, approximately 49% (15,249) are cost burdened (spending 30% or more of gross income on housing costs), or severely cost burdened (spending 50% or more of gross income on housing costs).

Vacancy Rates and Average Rents for Multifamily Rental Units in Pima County

YEAR	VACANCY RATE	AVERAGE MONTHLY RENTS
1995	8.2%	\$478
1996	10.2%	\$480
1997	8.3%	\$492
1998	8.0%	\$506
1999	7.5%	\$519

(University of Arizona, Office of Economic Devel.;
Arizona Dept. of Commerce)

Renters

Rents have steadily increased over the last decade. Over the period of 1989 to 1998, average rents have gone from \$369 to \$506, a 37% increase. It is expected that this trend will continue as population grows and numbers of households continue to increase.

Of the 87,000 low-income households in Tucson, approximately 56,000 or 64% are low-income renters. Of this group, approximately 67% (37,698) are cost burdened (spending 30% or more of gross income on housing costs), or severely cost burdened (spending 50% or more of gross income on housing costs).

C. Housing Affordability and Low-Income Households

As rents and housing prices have continued to rise, household income has failed to keep pace. With almost 50% of households in Tucson being low-income and a significant percentage of those being either cost burdened or severely cost burdened, affordability becomes a major issue. While affordable housing programs do not directly lead to a reduction in the number of poor people, maintaining and expanding the availability of housing that is affordable to low-income families can encourage stability and prevent further economic decline.

Breakdown of Low-Income Households in Tucson					
LOW-INCOME HOUSEHOLDS (TOTAL=86,357)	NUMBER OF HOUSEHOLDS	% OF TOTAL LOW-INCOME HOUSEHOLDS	% OF TOTAL CITY HOUSEHOLDS		
Renters	55,696	64%	31%		
Homeowners	30,661	36%	17%		
TOTAL	86,357	100%	48%		
(Note: Total households = 181,863)					

Of the above mentioned low-income groups, approximately 49% of all homeowners are cost burdened or severely cost-burdened and 67% of all renters are cost-burdened or severely cost-burdened.

Median Family Income Levels by Household Size/Eliqibility Limits

HOUSEHOLD SIZE	MAXIMUM INCOME AT 80% OF MFI (LOW-INCOME)	MAXIMUM INCOME AT 50% OF MFI (VERY LOW-INCOME)	MAXIMUM INCOME AT 30% OF MFI (EXTREMELY LOW-INCOME)
1	\$25,250	\$15,800	\$9,450
2	28,850	18,050	10,800
3	32,450	20,300	12,200
4	36,100	22,550	13,550
5	38,950	24,350	14,600
6	41,850	26,150	15,700
7	44,750	27,950	16,800
8	47,600	29,750	17,850

(US Department of Housing and Urban Development, 2000 HUD Income Limits)

The table above lists current Median Family Income (MFI) for households in Pima County.

The fair market rents calculated by the U.S. Department of Housing and Urban Development to determine rental subsidies for housing assistance programs have increased during the past four years, but are still below what the average unassisted renter pays for housing costs. For these unassisted renters,

HUD Section 8 Fair Market Rents (FMR's) Including Utilities/Pima County (March 2000)

	1996 FMR	2000 FMR
Studio/Efficiency	\$347	\$383
1 Bedroom	\$416	\$460
2 Bedroom	\$553	\$611
3 Bedroom	\$770	\$850
4 Bedroom	\$908	\$1,003

(US Department of Housing & Urban Development)

locating housing at a rent that will not create a cost burden is increasingly difficult.

Average utility costs in Tucson total between \$100 to \$180 per month to housing costs. Housing affordability is impacted by this ongoing expense. These costs vary by unit size and utility service (gas or electric appliances, forced air or swamp cooler) and do not include additional utility costs for garbage service, water and telephone.

Though the "30% rule" is the Federal Government's guide for housing cost burden, it is clear that spending 30% of income is much more of a burden for a lower income household than for a higher income household.

For example, a person working full-time earning minimum wage has an annual gross income of \$12,000. At this income, a household can afford \$300 for rent and utilities, leaving only \$700 to cover all other household expenses, including medical costs that are typically not provided in a minimum wage job. In contrast, a household with earnings of \$35,000 in annual gross income can afford housing costs of \$875 per month and still have \$2,040 to pay for other household expenses.

Disparity Between FMR & Current Rents						
UNIT SIZE	AVERAGE RENT	AVERAGE MONTHLY UTILITY COSTS	TOTAL HOUSING COSTS	2000 FMR	GAP	
Studio	\$371	\$100	\$471	\$383	-\$88	
1 Bedroom	\$487	\$120	\$607	\$460	-\$147	
2 Bedroom	\$681	\$150	\$831	\$611	-\$220	
3 Bedroom	\$776	\$180	\$956	\$850	-\$106	

Of the over 11,000 homes sold in metropolitan Tucson in 1999, only 4,260, or 38%, sold at under \$100,000. Only 4 of 16 geographic areas within the metropolitan area had an average sales price at or below \$100,000 for a three bedroom unit.

In order to make homeownership possible for households earning \$35,000 to \$40,000, interest rates would have to be reduced by approximately 1.5% or the sales price would have to be subsidized by \$15,000 on a \$100,000 home. Households earning less than \$35,000 would require additional subsidies for homeownership.

According to HUD's 2000 estimates, Tucson's Median Family Income (MFI) is \$45,100 for a family of four. This means that only one-half of Tucson households can reasonably afford a home selling for \$100,000.

The following charts show the costs considered for both renters and homeowners using the 30% rule for housing affordability and the amount of income available to households for other necessities. The average price for a new home purchase in the City's current housing assistance programs is \$100,000. The homebuyer chart uses this purchase price to demonstrate the affordability gap.

Renter Affordability Gap							
ANNUAL INCOME	AFFORDABLE MONTHLY HOUSING COSTS (30% INCOME)	AVERAGE MONTHLY RENT + \$150 UTILITY COSTS	MONTHLY GAP				
\$10,000(\$833/mo)	\$250	\$676	-\$426				
\$15,000(\$1,250/mo)	\$375	\$676	-\$301				
\$20,000(\$1,666/mo)	\$500	\$676	-\$176				
\$25,000(\$2,083/mo)	\$625	\$676	-\$51				
\$30,000(\$2,500/mo)	\$750	\$676	\$74				

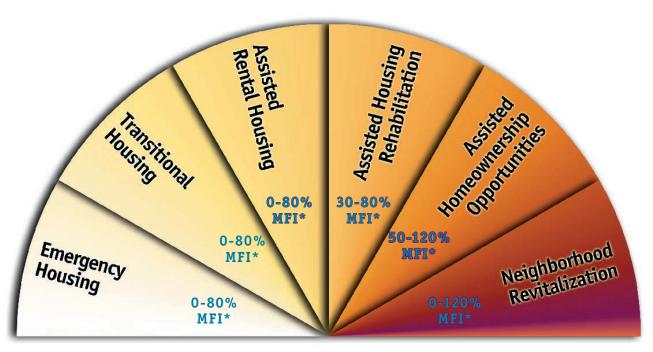
Homeownership Affordability Gap							
AFFORDABLE MONTHLY MONTHLY MORTGAGE HOUSING COSTS + \$150 UTILITY COSTS ANNUAL INCOME (30% INCOME) +85 TAXES & INSUR. MONTHLY GAP							
\$10,000(\$833/mo)	\$250	\$968	-\$718				
\$15,000(\$1,250/mo)	\$375	\$968	-\$593				
\$20,000(\$1,666/mo)	\$500	\$968	-\$468				
\$25,000(\$2,083/mo)	\$625	\$968	-\$343				
\$30,000(\$2,500/mo)	\$750	\$968	-\$218				
\$35,000 (\$2,916/mo)	\$875	\$968	-\$93				
\$40,000 (\$3,333/mo)	\$1000	\$968	\$32				
(Ва	sed upon \$100,000 morto	gage at 8% interest, 30 years	s)				

II. Affordable Housing Strategies for FY 2000-2005

In response to the affordable housing needs highlighted in this document, the City of Tucson has developed a spectrum of housing services and formulated corresponding strategies that are designed to increase and encourage local development of affordable housing.

Spectrum of Housing Services

The types of housing services offered directly by the City through the Community Services Department or indirectly through the support of private organizations include: Emergency Housing, Transitional Housing, Assisted Rental Housing, Assisted Housing Rehabilitation, Assisted Homeownership Opportunities, and Neighborhood Revitalization. The continuum provided by these services is an effective way of expanding opportunities and assisting families and individuals toward ultimate self-sufficiency.



(*= Median Family Income (MFI) of individuals/households level of income being assisted)

Emergency Housing

Emergency Housing: Emergency housing is designed to provide temporary shelter to families and individuals in a crisis situation for up to 30 days on a one-time basis. The local emergency housing system has built-in flexibility and excess capacity that integrates services as part of the local Continuum of Care for the Homeless. The City's role is to coordinate resources, provide technical assistance, and support local homeless service providers who work directly with homeless individuals. The City does not directly administer support services or emergency housing. Therefore, strategies listed below are more broadly articulated compared to other programs where the City is a direct service provider.

Goal: Reduce homelessness and foster long-term self-sufficiency and economic independence for persons who are homeless and are threatened by homelessness.

Target Population: Emergency housing is provided to homeless persons and households who typically have no or very little income (0-30% of median family income). This includes individuals and families who have become homeless as a result of domestic violence, illness, eviction and a lack of resources to pay ongoing housing costs.

Activities: Emergency housing activities include the provision of temporary shelter, food, clothing, health care, counseling, case management and referral to transitional services. The City provides financial support for facilities and services. Currently, there are 485 shelter beds in Tucson and Pima County.

Resources and Proposed Investment: The City invests approximately \$1 million per year in shelter and services for the homeless and coordinates solicitations for funding. Funding includes Emergency Shelter Grant (ESG), Supportive Housing for the Homeless (SHP), Community Development Block Grant (CDBG), Title XX, City General Funds and City United Way Funds.

Strategies

- Work with Tucson Planning Council for the Homeless to develop policies and coordinate comprehensive planning in support of the Continuum of Care for the homeless as outlined in the adopted Consolidated Plan (the document which the City submits annually to HUD to receive federal entitlement funds).
- In collaboration with local providers, coordinate application for federal McKinney Act funds; take the lead in submitting applications for funding as necessary and in promoting the concept of local collaboration for effective service delivery.
- Support emergency housing programs that are linked with job referral, training, and placement programs for low-income and extremely low-income families to attain economic independence and to prevent them from becoming homeless.
- ► Identify new resources for addressing problems of the homeless.
- Expand partnerships with private, religious, other governmental and quasi-governmental agencies in providing resources and services for homeless support activities.
- Assist local agencies in expanding their capacity to provide safe havens, shelter and supportive services for the homeless, including those homeless individuals with significant disabilities.
- Maintain existing levels of service, including capacity and assistance for the diverse needs of sub-populations.
- City investment is targeted primarily towards services aimed at helping the homeless to reach their greatest level of independence.
- Support programs that assist special needs populations secure financial assistance to stabilize their income.

Transitional Housing

Definition: Transitional housing serves families and individuals needing shelter and support for an extended period of time. Support is provided to stabilize families and individuals for ultimate transition to permanent housing. Similar to Emergency Housing, the City assists providers in carrying out transitional housing activities. Supportive services are administered by local providers. However, in Transitional Housing, the City has a direct role in the acquisition, development and management of units.

Goal: To increase the current number of transitional housing units and expand existing services in the community.

Target Population: Transitional housing is provided to persons vulnerable to homelessness and households at the low end of the income scale, but typically with some income (0-80% of area median income). This includes individuals and families who have established self-sufficiency goals in a case management plan and are transitioning from homelessness into permanent housing.

Activities: Transitional housing activities include the provision of housing, food, clothing, health care, child care, counseling, transportation, case management and education and job training. Currently, there are approximately 936 beds in transitional housing units in Tucson and Pima County.

Resources and Proposed Investment: The City invests approximately \$1.5 million per year in transitional shelter and services and assists in securing additional outside funding. Funding includes Home Investment Partnerships Program (HOME), Emergency Shelter Grant (ESG), Supportive Housing for the Homeless (SHP), Community Development Block Grant (CDBG), Title XX, City General Funds and City United Way Funds.

Strategies

In addition to the strategies noted under the Emergency Housing services, the following will be implemented:

- Support applications for State Housing Funds, Low-Income Housing Tax Credits, and other funds for the acquisition and production of new transitional housing units.
- Continue to make City-owned transitional housing units available to local agencies.
- Encourage existing private landlords to provide units for transitional housing programs.
- Encourage the acquisition and development of new transitional housing units beyond the current level of 936 to include units accessible to persons with physical disabilities under the City's HOME program.
- Establish dialogue with service providers with regard to serving disenfranchised populations.

Assisted Rental Housing

Definition: Assisted rental housing provides permanent (ongoing) housing to renters in the community and includes all forms of subsidy, including rental payments and large project subsidies oriented toward acquisition, rehabilitation and new construction of rental housing. The level of subsidies and the available program support can be minimal (hundreds of dollars) or quite extensive (thousands or millions of dollars). The City's primary role is to manage, maintain, acquire, and construct assisted rental housing. In addition, the City leverages resources and provides technical assistance to agencies, landlords, and private sector developers and investors for assisted housing projects.

Goal: To increase assisted rental housing opportunities for low-income families and individuals in the community and increase the quality of life for low-income renters through rehabilitation and construction of site improvements.

Target Population: Assisted Rental Housing is provided to individuals and families with incomes at or below 80% of area median income. Rent structures are determined on a household income or project basis.

Activities: Assisted Rental Housing activities include public housing, rental vouchers, acquisition and rehabilitation of existing rental properties, new construction, acquisition and preservation of assisted properties with expiring subsidies, and mobile home parks. Currently, there are approximately 8,700 subsidized rental units in Tucson (public housing, Section 8, HUD 236, tax credit projects); and 343 non-profit owned subsidized rental units set aside for special populations requiring supportive services.

Resources and Proposed Investment: The City invests approximately \$36 million per year in Assisted Rental Housing. Funding includes Public Housing Operating and Comprehensive Grant Improvement Funds, Section 8, Home Investment Partnerships Program (HOME), Community Development Block Grant (CDBG), City General Funds, Industrial Development Authority Bond Funds, and HOPE VI Revitalization.

Strategies

- Implement the newly developed Quality Housing and Work Responsibility Act (QHWRA) Plan for public housing and Section 8 programs
- Preserve the existing inventory of 1,506 city-administered public housing units and expand the number of Section 8 rental units beyond the existing 3,700.
- Through the Metropolitan Housing Corporation, acquire and preserve privately owned rental units presently assisted by HUD, which are at risk of losing their subsidy.
- Gradually broaden the income mix of clients in assisted public housing while recognizing that the primary commitment is for very low-income clients.
- Assist family and rental housing residents with supportive services that foster economic independence through training and employment and provide incentives to encourage transitioning to unassisted rentals and homeownership.
- Invest in housing programs that provide both affordable units and a self-sustaining income stream. Devise an investment strategy for income generated from municipal rental housing projects.
- Develop site-based financial management systems for public housing operations and institute business practices that result in self-sustaining project operations.
- Seek to place into production rental units throughout the City of Tucson for households earning up to 80% of MFI, with a priority to families at 50% or below MFI.
- Support uses of the Low-Income Housing Tax Credit (LIHTC) program that meet community goals.
- Strengthen the capacity of non-profits to own and manage property in order to expand supportive housing environments.
- Expand the City's public housing/Section 8 self-sufficiency program, and place greater emphasis on tenant responsibilities when possible.
- Work with private housing providers to ensure that wheelchair-accessible units are available to those who require them.
- Continue assessment, targeted code enforcement and outreach related to substandard rental housing.
- Develop new resources for maintenance and rehabilitation to maintain the City's housing stock.
- Continue to further the City's scattered site policy for public housing.
- Continue to expand the City-owned El Portal program beyond its current total of 221.
- Support mixed income development and disbursement throughout the community.
- Enhance the City's elderly/disabled public housing through property upgrades and services.

Assisted Housing Rehabilitation

Definition: Assisted Housing Rehabilitation programs provide assistance to repair substandard housing occupied by low-income homeowners. The goals may be two-fold, with assistance oriented toward existing homeowners for the purpose of rehabilitating dwellings while concurrently furthering municipal revitalization. The City's role is to provide resources directly to low-income homeowners and low-income housing rehab providers for the rehabilitation of existing homes.

Goal: To maintain housing quality and affordability for low-income homeowners living in substandard housing and to promote neighborhood revitalization through rehabilitation efforts.

Target Population: Housing rehabilitation assistance is provided to individuals and families with incomes between 30% and 80% of area median income, with special programs for the elderly and persons with disabilities.

Activities: Activities include emergency home repair, minor repair, moderate and substantial rehabilitation, retro-fitting for handicapped accessibility, and replacement housing. Assistance to households can be provided in the form of a grant or loan. The City currently funds approximately 600 owner-occupied housing rehabilitation projects each year.

Resources and Proposed Investment: The City invests approximately \$2.5 million per year on housing rehabilitation activities. Funding includes Home Investment Partnerships Program (HOME), Community Development Block Grant (CDBG), City General Funds, Industrial Development Authority Bond Funds, and HOPE VI Revitalization.

Strategies

- Research effective combinations of code enforcement and rehabilitation programs in targeted areas.
- Structure rehabilitation grants to recover funds from transfer of property.
- Continue to provide rehabilitation assistance, i.e. emergency home repair to extremely low-income and low-income families in an effort to reduce poverty; expand rehabilitation loan program for persons earning between 50-80% of MFI when feasible.
- Support use of historic tax credit by eligible homeowners.
- Expand program leverage by increasing contributions from private agencies (financial and in-kind), and program participants (sweat equity/cash).
- Expand program capacity and expedite home adaptations for persons with disabilities offered by non-profit organizations.
- Encourage the commitment of mortgage revenue bond proceeds for eligible home improvement financing.
- Develop and support a collaborative of rehab providers whose goals include: implementing strategies to streamline services, maximizing resources, incorporating property management and education into existing programs, and more effectively delivering services to the community.
- Target Tucson's aging housing stock for rehabilitation activities.

Assisted Homeownership Opportunities

Definition: Assisted Homeownership Opportunities provide resources to existing homeowners or prospective new buyers for home purchases. The City's role is to provide resources directly to low-income homebuyers and low-income housing providers and to facilitate partnerships in the community that result in new homeownership opportunities for low-income families who are otherwise shut out of the home purchasing market.

Goal: To expand homeownership opportunities and affordability among lower income groups including households up to 120% of median family income.

Target Population: Assisted homeownership is provided to individuals and families with incomes between 50% and 120% of area median income, with an emphasis on persons living in assisted rental housing and households with incomes between 70-120% of median family income.

Activities: Activities include acquisition, rehabilitation and new construction. Assistance may include down payment for existing or newly constructed homes, coordination and financing for rehabilitation, housing counseling and coordination for household management, client debt counseling, credit qualification and mortgage financing. The City and its partners generates approximately 165 homebuyer opportunities for low-income residents each year.

Resources and Proposed Investment: The City invests approximately \$2.7 million per year in low-income homebuyer activities. Funding includes Home Investment Partnerships Program (HOME), Community Development Block Grant (CDBG), City General Funds, and Industrial Development Authority Bond Funds. Mortgage revenue bonds will be a major source of support for this strategy.

Strategies

- Increase the number of households that can be assisted in existing programs by developing incentive programs for a broad range of income groups.
- Support neighborhood infill through the development of vacant parcels and replacement of dilapidated structures for homeownership.
- Expand development of affordable single family homes to low-income families in areas with high renter to homeowner ratios.
- Support and encourage development of single family homes in new subdivisions that are affordable to low-income families.
- Require new housing development and construction to include basic access for persons with physical disabilities.
- Target new homeownership efforts in and around downtown.
- Improve building orientation and placement in site planning to optimize energy efficiency.
- Coordinate with City of Tucson and Pima County IDAs to implement bond financed home purchase programs.
- Strengthen the delivery system for low and moderate-income households to access available homeownership opportunities with the City of Tucson (i.e. increase involvement from real estate professionals and private lending institutions).
- Continue to implement targeted homeownership programs in areas with high proportions of renter households and infill development.
- Encourage affordable homeownership development in targeted areas including the Oracle Homeownership Zone, Santa Rosa Neighborhood and South Park Neighborhood.
- Investigate the creation of a program to renovate obsolete, aging housing stock for homeownership opportunities.
- Study possible reasons why Tucson's homeownership rates are down and recommend new initiatives designed to raise homeownership rates.

Neighborhood Revitalization

Definition: Neighborhood revitalization is a strategic concentration of resources in a designated geographic area of the City designed to carry out prioritized activities that: increase the quality of life for residents; arrest deterioration; increase and upgrade area assets; and create momentum for cohesive and ongoing neighborhood planning and improvements. The City's role in neighborhood revitalization is to provide resources for planning, and to leverage resources and facilitate partnerships to accomplish specific projects.

Goal: The goal of neighborhood revitalization is to provide a safe, decent, affordable and vital environment for all Tucson residents to live, work, recreate and grow in the community.

Target Population: Neighborhood revitalization efforts are targeted to all income groups (0-120% of median family income). Revitalization efforts may be directed to specific neighborhoods based on demographic, economic or land use characteristics.

Activities: Activities may include vacant land development, infrastructure improvements, housing rehabilitation, landscaping, implementation of safety programs, expansion of supportive services, park enhancement or development, business development, removal of adverse environmental conditions, transportation improvements or linkages to other assets and services in the community.

Resources and Proposed Investment: The City of Tucson invests approximately \$5-\$10 million per year in neighborhood revitalization projects. Funds come from the Community Development Block Grant (CDBG) program, Home Investment Partnerships Program (HOME), HOPE VI Revitalization, Transportation Funds, City General Funds, City United Way Funds, and Pima County.

Strategies

- Develop targeted initiatives for key neighborhood revitalization projects such as the Back to Basics Program, HOPE VI, and Homeownership Zone.
- Further develop the Metropolitan Housing Commission's recommendation concerning a Community Reinvestment Trust Fund program within the corporate limits of the City of Tucson.
- Develop specific incentives to encourage quality infill.
- Take a lead role in community plans for neighborhood-based redevelopment.
- Encourage strong participation by lending institutions in community reinvestment.
- Support neighborhood improvement plans that incorporate neighborhood participation, land use, historic and cultural preservation, housing, youth programs, health care, transportation, employment and training, economic development, social services, and safety and security.
- Invest in areas within the City to provide incentives for increased urban development, including commercial/retail development.
- Preserve and enhance the unique features of neighborhoods.
- Promote financial equity and opportunities for all residents of the community.
- Prevent deterioration by upgrading urban assets and impacting urban market forces.
- Encourage development that addresses and encourages diversity, mixed uses and capacity for future development.
- Capitalize on neighborhood and community assets as a way to link neighborhoods to the community as a whole.

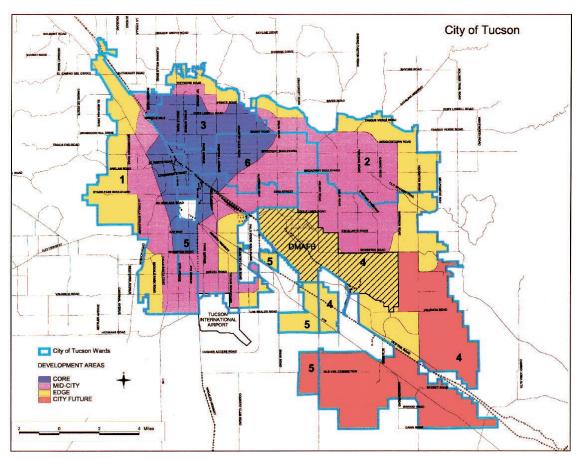
III. Future Growth and Tucson's Housing Plan

In 1998 Governor Hull signed the Growing Smarter Act into law. That Act was amended and enhanced in the spring of 2000 with the Growing Smarter Plus legislation. These two pieces of legislation mandate cities and counties to develop General Plan elements which address land use, transportation, housing, open space, environmental and cost of growth issues. The Affordable Housing Strategies document is consistent with the City's Comprehensive General Plan policies regarding housing, and by reference is a portion of the Housing Element of that plan.

In the spring of 2000, the Mayor and Council adopted the Balanced Development Policy Framework to establish a context for discussion of the broader policy issues related to the Growing Smarter and Growing Smarter Plus legislation and development across the City of Tucson. It may also be used as a tool for more specific analysis of issues pertaining to growth, infill development and housing.

Affordable housing is a key component of the housing element required by the Growing Smarter Act, and continues to be an important issue for the Mayor and Council. Compliance with the mandates of the Growing Smarter legislation within the Balanced Development Policy Framework will more closely join the City's efforts to ensure affordable housing within the broader context of the future development of the community.

Balanced Development Areas Map



IV. Partners in Affordable Housing

The City of Tucson Community Services Department helps to create and preserve affordable housing through rental, homebuyer and home repair programs for low-income households who are financially burdened or threatened with homelessness. The City works with a variety of entities in the community including Pima County, state and federal government, non-profit organizations, private developers and lending institutions to increase affordable housing opportunities. These partnerships and the role of each partner are vital to a healthy community.

Private Sector Developers and Investors: The City contracts with private sector developers and investors to build affordable housing. These contracts generally offer incentives to the private sector, such as reduced interest financing or contributions of City-owned land, in exchange for a term of affordability attached to the units produced. The City may also grant fee waivers to private developers or purchase existing or newly developed properties from the private sector and use these units for affordable housing.

Lending Institutions: Many of the City's programs and initiatives utilize mortgages from local lending institutions. The City may ask lenders to provide loans directly to bankable low-income households for home purchase or home improvement loans; or to an organization or developer for a public facility or multi-family housing project. The City depends on the local implementation of federal Community Reinvestment Act (CRA) programs to successfully develop needed affordable housing.

Non-Profit Housing Organizations: Non-profit organizations are instrumental in the development of affordable housing and delivering needed support services to low-income families. The City has an estimated 70-100 contracts with non-profits for housing development and services.

CHDO Home Program Set-Aside: A minimum of 15% of the City/County Consortium's HOME funds must be allocated to projects owned, operated or sponsored by local Community Development Housing Organizations (CHDO's). CHDO's are non-profit organizations that have been designated to apply for this set-aside based on a set of federal criteria established in the HOME regulations which includes a stated commitment to affordable housing, low-income representation on the agency's board of directors, and at least one year's experience serving the community. The City holds a separate Request for Proposals (RFP) process for CHDO projects.

Industrial Development Authorities: Both the City of Tucson and Pima County have an Industrial Development Authority (IDA). Through special bonding capacity, these organizations have financial resources for affordable housing development and public facility enhancements. IDA programs can provide assistance directly to clients as well as to program/project sponsors through a solicitation for proposals.

County: Pima County works closely with the City of Tucson to further the community-wide mission of increased affordable housing development. The City and County work together in planning, project financing, community revitalization and lobbying for support for affordable housing. Pima County utilizes many of the resources used by the City to address affordable housing needs in the County. Pima County has also implemented a neighborhood bond fund program.

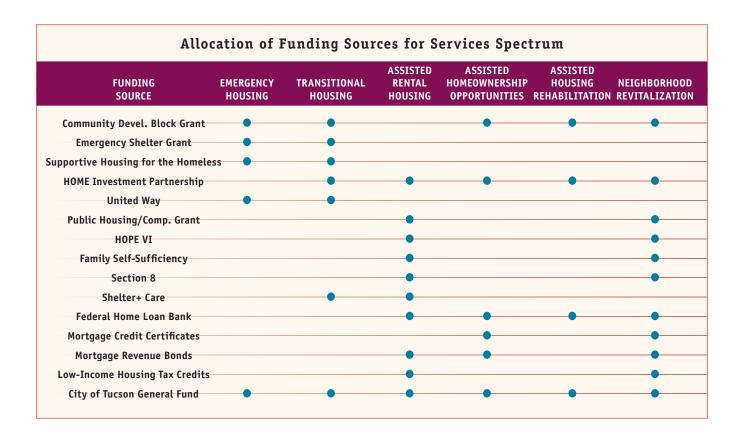
State: In Arizona, the Division of Housing and Infrastructure Development within the Department of Commerce provides support to local governments and organizations for affordable housing development. State resources are available for local planning efforts, project financing, technical assistance and capacity building within housing organizations through the Arizona Housing Trust Fund.

Federal Government: The City's relationship with the federal government in the area of affordable housing has multiple dimensions. The majority of programs administered by the Community Services

Department are supported by federal funds. On an annual basis the City is a recipient of federal entitlement funds for housing, services and other community development projects. In addition, the City can apply for competitive funding for a variety of programs as advertised in Notice of Funding Availability (NOFA) announcements from HUD and other federal offices. There are a series of federal mandates, regulations and statutes that govern the use of federal funding for housing and supportive services. The City adheres to planning requirements, environmental reviews, fair housing and accessibility laws, and labor laws in the ongoing implementation of affordable housing programs.

V. Available Resources

There are a variety of resources that support the spectrum of housing services. These funding sources include local, state and federal programs for housing and supportive services. Listed on the chart below are the major sources of funding and the categories within the spectrum, which are supported by these sources.



As shown in the City's 5-year Consolidated Plan, the City's federal entitlements for 2000-2005 are targeted to serving 645 households each program year leaving a significant number of low-income households without needed housing assistance. The following chart demonstrates the "gap" in resources to provide safe, decent, affordable housing to all low-income residents of Tucson. Essentially, the City Community Services Department would need twice its annual budget for at least a ten-year period to address this gap.

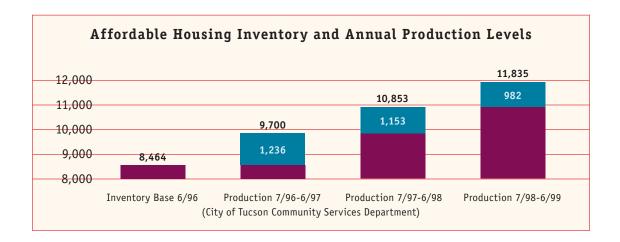
Funding Assessment Gap/Low-Income Households with Housing Problems

TARGET POPULATION	1999 ESTIMATES TOTAL HH	PROPOSED 5-YEAR FUNDING LEVELS ENTITLEMENT	PROPOSED PRODUCTION FROM ENTITLEMENT	EXISTING INVENTORY PLUS 5-YEAR PRODUCTION	AVERAGE INVESTMENT PER HH SERVED	5-YEAR FUNDING GAPS
Renters with incomes 0-30% of MFI	17,345 out of 20,898 reported housing problems	\$2.75 million	200	9,618	\$11,000	10,926 HH (see 20,000 buyers) \$120 million
Renters with incomes 31-50% of MFI	13,463 out of 15,127 reported housing problems	\$2.75 million	200			
Renters with incomes 51-80% of MFI	9,835 out of 19,671 reported housing problems	\$1.25 million	100			
Existing Homeowners incomes 0-50% of MFI	11,413 out of 15,635 reported housing problems	\$10 million	2,000	3,911	\$5,000	14,177 HH \$70 million
Existing Homeowners incomes 51-80% of MFI	6,615 out of 15,026 reported housing problems	\$2.5 million	500			
Homebuyers with incomes 0-30% of MFI	20,898		0			
Homebuyers with incomes 31-50% of MFI	15,127	\$500,000	25	750	\$15,555	20,000 HH \$310 million
Homebuyers with incomes 51-80% of MFI	19,671	\$3 million	200			
Total Housing	86,357	\$22.75 million	3,225	14,279		\$500 million

VI. Local Affordable Housing Production Goals

The above strategies are designed to assist policy makers, practitioners and the community as a whole promote safe, decent, and affordable housing as a local priority and support this priority with increased development. From 1996-2000, the City had established a goal of increasing development by 1,000 newly assisted households per year with an ultimate goal of assisting up to 10,000 households by the year 2000. As shown on the chart below, over 11,800 households received housing assistance during the past four years.

Within the next five years, the City of Tucson proposes to continue affordable housing production at the rate of 1,000 households assisted per year.



Affordable Housing Inventory and Annual Production Level Report

	INVENTO	RY BAS	INVENTORY BASE AS OF 6/30/96	/30/96		PRC	PRODUCTION	7/1/96	- 6/30/97	7	PROD	PRODUCTION 7	7/1/97 - 6/3	86/08/9	<u>_</u>	PRODUCTION	ION 7/1/98	66/08/9 - 86,	66/0	
	Rental R	Rehab	Home Pre	Preserv	Base	Rental	Rehab	Home Pre	Preserv A	Annual R	Rental Re	Rehab Home	e Preserv	Annual	Rental	Rehab	Home	Preserv	Annual	TOTAL
			Buyer		Total]	Buyer		Total		Buyer	ı.	Total			Buyer		Total	Units
CITY																				
EL Portal	133				133	4				4	54			54	4 13				13	204
HomeBuyer			80		80			21		21			28	28	3		32		32	161
Homeowner Rehab					0		173			173		415		415	5	503			503	1001
Public Housing	1504				1504					0)	6 0				6	1513
Rental Partnership	45				45					0	25			25	5				0	0/
Section 8	3224				3224	183				183	262			292	5				0	6698
Shelter Plus Care	137				137					0					0				0	137
	5043	0	80	0	5123	187	173	21	0	381	371	415	28	0 814	4 22	503	32	0	557	6875
AGENCY																				
Comin' Home	13				13					0	1				1				0	14
Compass	34				34					0)	0				0	34
CPLC			150		150			148		148			30	30)	24	7		28	326
Esperanza	7				7					0					0 15				15	22
Family Counseling	1				1					0					0				0	1
Family Housing Resources					0	185		78		263		1	109	109	9		99		26	428
Habitat			95		95			12		12			16	16	5		11		11	131
Mental Health Resources	79				79	27				27					0				0	106
Nosotros	12				12					0					0				0	12
Our Town	2				2					0	2				2				0	7
Pio Decimo	12				12					0					0 8				8	20
Primavera Builders			17		17			11		11		8	12	20)	13	13		26	74
Primavera Services	55				52					0	28			28	3				0	83
SAAF	79				79					0					0				0	6/
Salvation Army	33				33					0	2				2				0	35
TMM Family Services	24				24			8		8	9		11	17	7		28		28	77
Tucson Shalom	12				12					0	39			39	9				0	51
Travelers Aid	44				44					0					0				0	44
Tucson Urban League	24		13		37		80	10		90	-1*	65	11	75	5	59	5		64	266
United Housing & Educ.																	4		4	4
	431	0	272	0	703	212	80	267	0	559	77	73 1	189	0 339	9 23	96	121	0	240	1841
ОТНЕК																				
нир	1643				1643	-65 * *				-65					0 -44***				-44	1534
LIHTC	966				995	238				238					0 229				229	1462
Metropolitan Housing Corp.					0				123	123					0 0				0	123
	2638	0	0	0	2638	173	0	0	123	296	0	0	0	0	0 185	0	0	0	185	3119
TOTAL	8112	0	352	0	8464	572	253	288	123	1236	448	488 2	217	0 1153	3 230	599	153	0	982	11835

* 1 unit transferred to the homebuyer category ** 58 New HUD units less 123 preserved by the Metropolitan Housing Corp. *** 44 HUD 236 units converted to market rate

